

ARICA 1 SOLAR PHOTOVOLTAIC (PV) POWER PROJECT

PROJECT ABSTRACT

The Inter-American Development Bank (the “IDB”) has been approached by Sky Power Holdings Ltd. (“Sky Solar”) to provide financing for the Arica 1 Solar PV Power Project (the “Project”). The Project will increase the renewable energy supply in Chile through the construction, operation and maintenance of a 40 megawatt solar PV power plant, an 18-kilometer transmission line to connect the Project with the Parinacota substation and related civil works including access roads, a control station and others. The Project will be located on a total of 127 hectares, 26 km east of the city of Arica, in the Atacama Desert.

The Project will supply electricity to meet growing demand and reduce the reliance on fossil fuels in the *Sistema Interconectado Norte Grande* (SING), Chile’s northern electricity network, where currently over 99% of the installed capacity comes from coal, fuel-oil, diesel and natural gas.

The estimated total cost of the Project is US\$102.9 million, which will be funded through a combination of equity and debt. Financing of the Project is expected to include an IDB A Loan of up to US\$25.7 million, as well as loans from other multilateral or commercial banks. The expected tenor of the senior loans is up to 20 years, including the grace period.

The Project is consistent with the objectives of the IDB’s 9th General Capital Increase (GCI-9) and the Climate Change Strategy, which aims to increase the Bank’s sustainable energy investments to 25% of its total portfolio by 2015.